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June 30, 2006

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

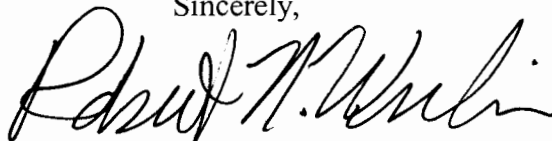
Re: NSTAR Electric Company, D.T.E. 06-40

Dear Secretary Cottrell:

Enclosed for filing in the above-referenced matter are the responses to the Information Requests set forth on the accompanying list.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert N. Werlin", written in a cursive style.

Robert N. Werlin

Enclosures

cc: Service List

Responses to Information Requests

DTE-1-1  
DTE-1-7  
DTE-1-13  
DTE-1-14  
DTE-1-15  
DTE-1-16  
DTE-1-17  
DTE-1-18 (revised)  
DTE-1-19  
DTE-1-24  
DTE-1-25  
DTE-1-36  
DTE-1-37  
DTE-1-38  
DTE-2-2  
DTE-2-3  
DTE-2-5

Information Request DTE-1-1

Please provide the most current balance sheet available for: (1) Boston Edison Company; (2) Cambridge Electric Light Company; (3) Commonwealth Electric Company; and (4) Canal Electric Company.

Response

Please refer to Attachment DTE-1-1(a) through Attachment DTE-1-1(c), which are excerpts from copies of the 2006 first quarter FERC Form 3-Q for Boston Edison, Commonwealth and Cambridge, respectively. The reproduced excerpts show current balances on pages 110 through 113 of the FERC Form 3-Q. Attachment DTE-1-1(d) is the most current internal balance sheet for Canal.

THIS FILING IS

Item 1: ☒ An Initial (Original)  
Submission

OR ☐ Resubmission No. \_\_\_\_\_

Attachment DTE-1-1(a)

Form 1 Approved  
OMB No. 1902-0021  
(Expires 7/31/2008)  
Form 1-F Approved  
OMB No. 1902-0029  
(Expires 6/30/2007)  
Form 3-Q Approved  
OMB No. 1902-0205  
(Expires 6/30/2007)



**FERC FINANCIAL REPORT**  
**FERC FORM No. 1: Annual Report of**  
**Major Electric Utilities, Licensees**  
**and Others and Supplemental**  
**Form 3-Q: Quarterly Financial Report**

These reports are mandatory under the Federal Power Act, sections 8, 2(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature.

**Exact Legal Name of Respondent (Company)**

Boston Edison Company

**Year/Period of Report**

End of 2006/Q1

|   |   |  |   |
|---|---|--|---|
| Name of Respondent<br>Boston Edison Company | This Report Is:<br>(1) <input checked="" type="checkbox"/> An Original<br>(2) <input type="checkbox"/> A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>03/31/2006 | Year/Period of Report<br>End of 2006/Q1 |
|---|---|--|---|

**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

| Line No. | Title of Account<br>(a)   | Ref. Page No.<br>(b) | Current Year<br>End of Quarter/Year<br>Balance<br>(c) | Prior Year<br>End Balance<br>12/31<br>(d) |
|----------|---|----------------------|---|---|
| 1        | <b>UTILITY PLANT</b>  |                      |   |   |
| 2        | Utility Plant (101-106, 114)                                      | 200-201              | 3,025,771,651   | 3,015,221,275                             |
| 3        | Construction Work in Progress (107)                               | 200-201              | 222,062,458   | 175,785,184                               |
| 4        | TOTAL Utility Plant (Enter Total of lines 2 and 3)                |                      | 3,247,834,109   | 3,191,006,459                             |
| 5        | (Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)   | 200-201              | 838,564,752   | 829,744,091                               |
| 6        | Net Utility Plant (Enter Total of line 4 less 5)                  |                      | 2,409,269,357   | 2,361,262,368                             |
| 7        | Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1) | 202-203              | 0   | 0   |
| 8        | Nuclear Fuel Materials and Assemblies-Stock Account (120.2)       |                      | 0   | 0   |
| 9        | Nuclear Fuel Assemblies in Reactor (120.3)                        |                      | 0   | 0   |
| 10       | Spent Nuclear Fuel (120.4)  |                      | 0   | 0   |
| 11       | Nuclear Fuel Under Capital Leases (120.6)                         |                      | 0   | 0   |
| 12       | (Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)   | 202-203              | 0   | 0   |
| 13       | Net Nuclear Fuel (Enter Total of lines 7-11 less 12)              |                      | 0   | 0   |
| 14       | Net Utility Plant (Enter Total of lines 6 and 13)                 |                      | 2,409,269,357   | 2,361,262,368                             |
| 15       | Utility Plant Adjustments (116)                                   | 122                  | 0   | 0   |
| 16       | Gas Stored Underground - Noncurrent (117)                         |                      | 0   | 0   |
| 17       | <b>OTHER PROPERTY AND INVESTMENTS</b>                             |                      |   |   |
| 18       | Nonutility Property (121)   |                      | 940,969   | 940,969                                   |
| 19       | (Less) Accum. Prov. for Depr. and Amort. (122)                    |                      | 0   | 0   |
| 20       | Investments in Associated Companies (123)                         |                      | 0   | 0   |
| 21       | Investment in Subsidiary Companies (123.1)                        | 224-225              | 18,060,810  | 18,173,078                                |
| 22       | (For Cost of Account 123.1, See Footnote Page 224, line 42)       |                      |   |   |
| 23       | Noncurrent Portion of Allowances                                  | 228-229              | 0   | 0   |
| 24       | Other Investments (124)   |                      | 0   | 0   |
| 25       | Sinking Funds (125)   |                      | 0   | 0   |
| 26       | Depreciation Fund (126)   |                      | 0   | 0   |
| 27       | Amortization Fund - Federal (127)                                 |                      | 0   | 0   |
| 28       | Other Special Funds (128)   |                      | 0   | 0   |
| 29       | Special Funds (Non Major Only) (129)                              |                      | 0   | 0   |
| 30       | Long-Term Portion of Derivative Assets (175)                      |                      | 0   | 0   |
| 31       | Long-Term Portion of Derivative Assets - Hedges (176)             |                      | 0   | 0   |
| 32       | TOTAL Other Property and Investments (Lines 18-21 and 23-31)      |                      | 19,001,779  | 19,114,047                                |
| 33       | <b>CURRENT AND ACCRUED ASSETS</b>                                 |                      |   |   |
| 34       | Cash and Working Funds (Non-major Only) (130)                     |                      | 0   | 0   |
| 35       | Cash (131)  |                      | 9,121,224   | 9,801,696                                 |
| 36       | Special Deposits (132-134)  |                      | 0   | 0   |
| 37       | Working Fund (135)  |                      | 0   | 0   |
| 38       | Temporary Cash Investments (136)                                  |                      | 0   | 0   |
| 39       | Notes Receivable (141)  |                      | 0   | 0   |
| 40       | Customer Accounts Receivable (142)                                |                      | 227,531,112   | 169,655,211                               |
| 41       | Other Accounts Receivable (143)                                   |                      | 5,097,739   | 4,045,892                                 |
| 42       | (Less) Accum. Prov. for Uncollectible Acct.-Credit (144)          |                      | 14,733,106  | 14,300,027                                |
| 43       | Notes Receivable from Associated Companies (145)                  |                      | 0   | 0   |
| 44       | Accounts Receivable from Assoc. Companies (146)                   |                      | 31,741,622  | 37,768,819                                |
| 45       | Fuel Stock (151)  | 227                  | 0   | 0   |
| 46       | Fuel Stock Expenses Undistributed (152)                           | 227                  | 0   | 0   |
| 47       | Residuals (Elec) and Extracted Products (153)                     | 227                  | 0   | 0   |
| 48       | Plant Materials and Operating Supplies (154)                      | 227                  | 13,020,790  | 17,245,543                                |
| 49       | Merchandise (155)   | 227                  | 0   | 0   |
| 50       | Other Materials and Supplies (156)                                | 227                  | 0   | 0   |
| 51       | Nuclear Materials Held for Sale (157)                             | 202-203/227          | 0   | 0   |
| 52       | Allowances (158.1 and 158.2)                                      | 228-229              | 0   | 0   |
|          |   |                      |   |   |

| Line No. | Title of Account<br>(a)   | Ref. Page No.<br>(b) | Current Year<br>End of Quarter/Year<br>Balance<br>(c) | Prior Year<br>End Balance<br>12/31<br>(d) |
|----------|---|----------------------|---|---|
| 53       | (Less) Noncurrent Portion of Allowances                                 |                      | 0   | 0   |
| 54       | Stores Expense Undistributed (163)                                      | 227                  | 0   | 0   |
| 55       | Gas Stored Underground - Current (164.1)                                |                      | 0   | 0   |
| 56       | Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)      |                      | 0   | 0   |
| 57       | Prepayments (165)   |                      | 349,061,969   | 353,156,888                               |
| 58       | Advances for Gas (166-167)  |                      | 0   | 0   |
| 59       | Interest and Dividends Receivable (171)                                 |                      | 0   | 0   |
| 60       | Rents Receivable (172)  |                      | 1,114,862   | 52,454                                    |
| 61       | Accrued Utility Revenues (173)  |                      | 21,451,000  | 31,415,000                                |
| 62       | Miscellaneous Current and Accrued Assets (174)                          |                      | 2,100,000   | 2,100,000                                 |
| 63       | Derivative Instrument Assets (175)                                      |                      | 0   | 0   |
| 64       | (Less) Long-Term Portion of Derivative Instrument Assets (175)          |                      | 0   | 0   |
| 65       | Derivative Instrument Assets - Hedges (176)                             |                      | 0   | 0   |
| 66       | (Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176) |                      | 0   | 0   |
| 67       | Total Current and Accrued Assets (Lines 34 through 66)                  |                      | 645,507,212   | 610,941,476                               |
| 68       | <b>DEFERRED DEBITS</b>  |                      |   |   |
| 69       | Unamortized Debt Expenses (181)   |                      | 7,731,162   | 6,210,102                                 |
| 70       | Extraordinary Property Losses (182.1)                                   | 230                  | 0   | 0   |
| 71       | Unrecovered Plant and Regulatory Study Costs (182.2)                    | 230                  | 0   | 0   |
| 72       | Other Regulatory Assets (182.3)   | 232                  | 1,275,390,032   | 1,275,692,382                             |
| 73       | Prelim. Survey and Investigation Charges (Electric) (183)               |                      | 0   | 0   |
| 74       | Preliminary Natural Gas Survey and Investigation Charges 183.1)         |                      | 0   | 0   |
| 75       | Other Preliminary Survey and Investigation Charges (183.2)              |                      | 0   | 0   |
| 76       | Clearing Accounts (184)   |                      | 0   | 0   |
| 77       | Temporary Facilities (185)  |                      | -258,991  | -65,424                                   |
| 78       | Miscellaneous Deferred Debits (186)                                     | 233                  | 495,146,698   | 496,076,439                               |
| 79       | Def. Losses from Disposition of Utility Plt. (187)                      |                      | 0   | 0   |
| 80       | Research, Devel. and Demonstration Expend. (188)                        | 352-353              | 0   | 0   |
| 81       | Unamortized Loss on Reaquired Debt (189)                                |                      | 14,424,392  | 14,896,447                                |
| 82       | Accumulated Deferred Income Taxes (190)                                 | 234                  | 40,953,874  | 41,551,842                                |
| 83       | Unrecovered Purchased Gas Costs (191)                                   |                      | 0   | 0   |
| 84       | Total Deferred Debits (lines 69 through 83)                             |                      | 1,833,387,167   | 1,834,361,788                             |
| 85       | TOTAL ASSETS (lines 14-16, 32, 67, and 84)                              |                      | 4,907,165,515   | 4,825,679,679                             |

|   |  |  |   |
|---|--|--|---|
| Name of Respondent<br>Boston Edison Company | This Report is:<br>(1) <input checked="" type="checkbox"/> An Original<br>(2) <input type="checkbox"/> A Rresubmission | Date of Report<br>(mo, da, yr)<br>03/31/2006 | Year/Period of Report<br>end of 2006/Q1 |
|---|--|--|---|

**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)**

| Line No. | Title of Account<br>(a)   | Ref. Page No.<br>(b) | Current Year<br>End of Quarter/Year<br>Balance<br>(c) | Prior Year<br>End Balance<br>12/31<br>(d) |
|----------|---|----------------------|---|---|
| 1        | PROPRIETARY CAPITAL   |                      |   |   |
| 2        | Common Stock Issued (201)                                       | 250-251              | 75  | 75  |
| 3        | Preferred Stock Issued (204)                                    | 250-251              | 43,000,000  | 43,000,000                                |
| 4        | Capital Stock Subscribed (202, 205)                             | 252                  | 0   | 0   |
| 5        | Stock Liability for Conversion (203, 206)                       | 252                  | 0   | 0   |
| 6        | Premium on Capital Stock (207)                                  | 252                  | 604,178,278   | 604,178,278                               |
| 7        | Other Paid-In Capital (208-211)                                 | 253                  | 0   | 0   |
| 8        | Installments Received on Capital Stock (212)                    | 252                  | 0   | 0   |
| 9        | (Less) Discount on Capital Stock (213)                          | 254                  | 0   | 0   |
| 10       | (Less) Capital Stock Expense (214)                              | 254                  | 6,335,078   | 6,335,078                                 |
| 11       | Retained Earnings (215, 215.1, 216)                             | 118-119              | 621,948,321   | 599,651,115                               |
| 12       | Unappropriated Undistributed Subsidiary Earnings (216.1)        | 118-119              | 3,355,041   | 3,391,905                                 |
| 13       | (Less) Reaquired Capital Stock (217)                            | 250-251              | 0   | 0   |
| 14       | Noncorporate Proprietorship (Non-major only) (218)              |                      | 0   | 0   |
| 15       | Accumulated Other Comprehensive Income (219)                    | 122(a)(b)            | 0   | 0   |
| 16       | Total Proprietary Capital (lines 2 through 15)                  |                      | 1,266,146,637   | 1,243,886,295                             |
| 17       | LONG-TERM DEBT  |                      |   |   |
| 18       | Bonds (221)   | 256-257              | 15,000,000  | 15,000,000                                |
| 19       | (Less) Reaquired Bonds (222)                                    | 256-257              | 0   | 0   |
| 20       | Advances from Associated Companies (223)                        | 256-257              | 0   | 0   |
| 21       | Other Long-Term Debt (224)                                      | 256-257              | 1,025,000,000   | 825,000,000                               |
| 22       | Unamortized Premium on Long-Term Debt (225)                     |                      | 0   | 0   |
| 23       | (Less) Unamortized Discount on Long-Term Debt-Debit (226)       |                      | 5,815,841   | 3,835,715                                 |
| 24       | Total Long-Term Debt (lines 18 through 23)                      |                      | 1,034,184,159   | 836,164,285                               |
| 25       | OTHER NONCURRENT LIABILITIES                                    |                      |   |   |
| 26       | Obligations Under Capital Leases - Noncurrent (227)             |                      | 0   | 0   |
| 27       | Accumulated Provision for Property Insurance (228.1)            |                      | 0   | 0   |
| 28       | Accumulated Provision for Injuries and Damages (228.2)          |                      | 0   | 0   |
| 29       | Accumulated Provision for Pensions and Benefits (228.3)         |                      | 0   | 0   |
| 30       | Accumulated Miscellaneous Operating Provisions (228.4)          |                      | 0   | 0   |
| 31       | Accumulated Provision for Rate Refunds (229)                    |                      | 3,602,126   | 3,557,199                                 |
| 32       | Long-Term Portion of Derivative Instrument Liabilities          |                      | 0   | 0   |
| 33       | Long-Term Portion of Derivative Instrument Liabilities - Hedges |                      | 0   | 0   |
| 34       | Asset Retirement Obligations (230)                              |                      | 8,597,524   | 8,474,644                                 |
| 35       | Total Other Noncurrent Liabilities (lines 26 through 34)        |                      | 12,199,650  | 12,031,843                                |
| 36       | CURRENT AND ACCRUED LIABILITIES                                 |                      |   |   |
| 37       | Notes Payable (231)   |                      | 75,500,000  | 197,000,000                               |
| 38       | Accounts Payable (232)  |                      | 162,239,057   | 150,816,456                               |
| 39       | Notes Payable to Associated Companies (233)                     |                      | 404,625,000   | 455,423,634                               |
| 40       | Accounts Payable to Associated Companies (234)                  |                      | 262,382,967   | 249,590,213                               |
| 41       | Customer Deposits (235)   |                      | 2,681,472   | 2,478,544                                 |
| 42       | Taxes Accrued (236)   | 262-263              | 1,533,500   | 0   |
| 43       | Interest Accrued (237)  |                      | 19,978,532  | 8,737,315                                 |
| 44       | Dividends Declared (238)  |                      | 326,663   | 326,664                                   |
| 45       | Matured Long-Term Debt (239)                                    |                      | 0   | 0   |
|          |   |                      |   |   |

|   |  |  |   |
|---|--|--|---|
| Name of Respondent<br>Boston Edison Company | This Report is:<br>(1) <input checked="" type="checkbox"/> An Original<br>(2) <input type="checkbox"/> A Rresubmission | Date of Report<br>(mo, da, yr)<br>03/31/2006 | Year/Period of Report<br>end of 2006/Q1 |
|---|--|--|---|

**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)** (Continued)

| Line No. | Title of Account<br>(a)  | Ref.<br>Page No.<br>(b) | Current Year<br>End of Quarter/Year<br>Balance<br>(c) | Prior Year<br>End Balance<br>12/31<br>(d) |
|----------|--|-------------------------|---|---|
| 46       | Matured Interest (240)   |                         | 0   | 0   |
| 47       | Tax Collections Payable (241)  |                         | 2,409,248   | 1,822,135                                 |
| 48       | Miscellaneous Current and Accrued Liabilities (242)                    |                         | 182,824,990   | 169,510,263                               |
| 49       | Obligations Under Capital Leases-Current (243)                         |                         | 0   | 0   |
| 50       | Derivative Instrument Liabilities (244)                                |                         | 0   | 0   |
| 51       | (Less) Long-Term Portion of Derivative Instrument Liabilities          |                         | 0   | 0   |
| 52       | Derivative Instrument Liabilities - Hedges (245)                       |                         | 0   | 0   |
| 53       | (Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges   |                         | 0   | 0   |
| 54       | Total Current and Accrued Liabilities (lines 37 through 53)            |                         | 1,114,501,429   | 1,235,705,224                             |
| 55       | DEFERRED CREDITS   |                         |   |   |
| 56       | Customer Advances for Construction (252)                               |                         | 3,046,039   | 3,037,460                                 |
| 57       | Accumulated Deferred Investment Tax Credits (255)                      | 266-267                 | 14,811,829  | 15,072,821                                |
| 58       | Deferred Gains from Disposition of Utility Plant (256)                 |                         | 0   | 0   |
| 59       | Other Deferred Credits (253)   | 269                     | 703,514,639   | 729,080,247                               |
| 60       | Other Regulatory Liabilities (254)                                     | 278                     | 26,023,015  | 25,318,686                                |
| 61       | Unamortized Gain on Reaquired Debt (257)                               |                         | 0   | 0   |
| 62       | Accum. Deferred Income Taxes-Accel. Amort.(281)                        | 272-277                 | 0   | 0   |
| 63       | Accum. Deferred Income Taxes-Other Property (282)                      |                         | 445,861,670   | 450,459,909                               |
| 64       | Accum. Deferred Income Taxes-Other (283)                               |                         | 286,876,448   | 274,922,909                               |
| 65       | Total Deferred Credits (lines 56 through 64)                           |                         | 1,480,133,640   | 1,497,892,032                             |
| 66       | TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65) |                         | 4,907,165,515   | 4,825,679,679                             |



THIS FILING IS

Item 1: ☒ An Initial (Original)  
Submission

OR ☐ Resubmission No. \_\_\_\_\_

Attachment DTE-1-1(b)

Form 1 Approved  
OMB No. 1902-0021  
(Expires 7/31/2008)  
Form 1-F Approved  
OMB No. 1902-0029  
(Expires 6/30/2007)  
Form 3-Q Approved  
OMB No. 1902-0205  
(Expires 6/30/2007)



# FERC FINANCIAL REPORT

## FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 4(a), 904, and 903, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature.

Exact Legal Name of Respondent (Company)

Commonwealth Electric Company

Year/Period of Report

End of 2006/Q1

|   |   |  |   |
|---|---|--|---|
| Name of Respondent<br>Commonwealth Electric Company | This Report Is:<br>(1) <input checked="" type="checkbox"/> An Original<br>(2) <input type="checkbox"/> A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>03/31/2006 | Year/Period of Report<br>End of 2006/Q1 |
|---|---|--|---|

**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

| Line No. | Title of Account<br>(a)   | Ref. Page No.<br>(b) | Current Year<br>End of Quarter/Year<br>Balance<br>(c) | Prior Year<br>End Balance<br>12/31<br>(d) |
|----------|---|----------------------|---|---|
| 1        | <b>UTILITY PLANT</b>  |                      |   |   |
| 2        | Utility Plant (101-106, 114)                                      | 200-201              | 810,240,959   | 797,549,960                               |
| 3        | Construction Work in Progress (107)                               | 200-201              | 4,508,374   | 8,464,584                                 |
| 4        | TOTAL Utility Plant (Enter Total of lines 2 and 3)                |                      | 814,749,333   | 806,014,544                               |
| 5        | (Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)   | 200-201              | 293,102,886   | 287,786,792                               |
| 6        | Net Utility Plant (Enter Total of line 4 less 5)                  |                      | 521,646,447   | 518,227,752                               |
| 7        | Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1) | 202-203              | 0   | 0   |
| 8        | Nuclear Fuel Materials and Assemblies-Stock Account (120.2)       |                      | 0   | 0   |
| 9        | Nuclear Fuel Assemblies in Reactor (120.3)                        |                      | 0   | 0   |
| 10       | Spent Nuclear Fuel (120.4)  |                      | 0   | 0   |
| 11       | Nuclear Fuel Under Capital Leases (120.6)                         |                      | 0   | 0   |
| 12       | (Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)   | 202-203              | 0   | 0   |
| 13       | Net Nuclear Fuel (Enter Total of lines 7-11 less 12)              |                      | 0   | 0   |
| 14       | Net Utility Plant (Enter Total of lines 6 and 13)                 |                      | 521,646,447   | 518,227,752                               |
| 15       | Utility Plant Adjustments (116)                                   | 122                  | 0   | 0   |
| 16       | Gas Stored Underground - Noncurrent (117)                         |                      | 0   | 0   |
| 17       | <b>OTHER PROPERTY AND INVESTMENTS</b>                             |                      |   |   |
| 18       | Nonutility Property (121)   |                      | 41,054  | 41,054                                    |
| 19       | (Less) Accum. Prov. for Depr. and Amort. (122)                    |                      | 0   | 0   |
| 20       | Investments in Associated Companies (123)                         |                      | 0   | 0   |
| 21       | Investment in Subsidiary Companies (123.1)                        | 224-225              | 2,074,479   | 2,073,456                                 |
| 22       | (For Cost of Account 123.1, See Footnote Page 224, line 42)       |                      |   |   |
| 23       | Noncurrent Portion of Allowances                                  | 228-229              | 0   | 0   |
| 24       | Other Investments (124)   |                      | 14,400  | 14,400                                    |
| 25       | Sinking Funds (125)   |                      | 0   | 0   |
| 26       | Depreciation Fund (126)   |                      | 0   | 0   |
| 27       | Amortization Fund - Federal (127)                                 |                      | 0   | 0   |
| 28       | Other Special Funds (128)   |                      | 0   | 0   |
| 29       | Special Funds (Non Major Only) (129)                              |                      | 0   | 0   |
| 30       | Long-Term Portion of Derivative Assets (175)                      |                      | 0   | 0   |
| 31       | Long-Term Portion of Derivative Assets - Hedges (176)             |                      | 0   | 0   |
| 32       | TOTAL Other Property and Investments (Lines 18-21 and 23-31)      |                      | 2,129,933   | 2,128,910                                 |
| 33       | <b>CURRENT AND ACCRUED ASSETS</b>                                 |                      |   |   |
| 34       | Cash and Working Funds (Non-major Only) (130)                     |                      | 0   | 0   |
| 35       | Cash (131)  |                      | 2,733,620   | 2,173,454                                 |
| 36       | Special Deposits (132-134)  |                      | 0   | 0   |
| 37       | Working Fund (135)  |                      | 0   | 0   |
| 38       | Temporary Cash Investments (136)                                  |                      | 0   | 0   |
| 39       | Notes Receivable (141)  |                      | 0   | 0   |
| 40       | Customer Accounts Receivable (142)                                |                      | 54,190,459  | 43,588,225                                |
| 41       | Other Accounts Receivable (143)                                   |                      | 1,494,322   | 1,225,125                                 |
| 42       | (Less) Accum. Prov. for Uncollectible Acct.-Credit (144)          |                      | 4,197,626   | 3,705,113                                 |
| 43       | Notes Receivable from Associated Companies (145)                  |                      | 0   | 0   |
| 44       | Accounts Receivable from Assoc. Companies (146)                   |                      | 38,245,000  | 32,361,125                                |
| 45       | Fuel Stock (151)  | 227                  | 0   | 0   |
| 46       | Fuel Stock Expenses Undistributed (152)                           | 227                  | 0   | 0   |
| 47       | Residuals (Elec) and Extracted Products (153)                     | 227                  | 0   | 0   |
| 48       | Plant Materials and Operating Supplies (154)                      | 227                  | 6,879,862   | 7,483,249                                 |
| 49       | Merchandise (155)   | 227                  | 0   | 0   |
| 50       | Other Materials and Supplies (156)                                | 227                  | 0   | 0   |
| 51       | Nuclear Materials Held for Sale (157)                             | 202-203/227          | 0   | 0   |
| 52       | Allowances (158.1 and 158.2)                                      | 228-229              | 0   | 0   |
|          |   |                      |   |   |

|   |   |  |   |
|---|---|--|---|
| Name of Respondent<br>Commonwealth Electric Company | This Report Is:<br>(1) <input checked="" type="checkbox"/> An Original<br>(2) <input type="checkbox"/> A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>03/31/2006 | Year/Period of Report<br>End of 2006/Q1 |
|---|---|--|---|

**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)**

| Line No. | Title of Account<br>(a)   | Ref. Page No.<br>(b) | Current Year<br>End of Quarter/Year<br>Balance<br>(c) | Prior Year<br>End Balance<br>12/31<br>(d) |
|----------|---|----------------------|---|---|
| 53       | (Less) Noncurrent Portion of Allowances                                 |                      | 0   | 0   |
| 54       | Stores Expense Undistributed (163)                                      | 227                  | 0   | 0   |
| 55       | Gas Stored Underground - Current (164.1)                                |                      | 0   | 0   |
| 56       | Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)      |                      | 0   | 0   |
| 57       | Prepayments (165)   |                      | 27,027,416  | 31,022,160                                |
| 58       | Advances for Gas (166-167)  |                      | 0   | 0   |
| 59       | Interest and Dividends Receivable (171)                                 |                      | 0   | 819                                       |
| 60       | Rents Receivable (172)  |                      | 844,734   | 0   |
| 61       | Accrued Utility Revenues (173)  |                      | 7,871,193   | 13,425,657                                |
| 62       | Miscellaneous Current and Accrued Assets (174)                          |                      | 0   | 0   |
| 63       | Derivative Instrument Assets (175)                                      |                      | 0   | 0   |
| 64       | (Less) Long-Term Portion of Derivative Instrument Assets (175)          |                      | 0   | 0   |
| 65       | Derivative Instrument Assets - Hedges (176)                             |                      | 0   | 0   |
| 66       | (Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176) |                      | 0   | 0   |
| 67       | Total Current and Accrued Assets (Lines 34 through 66)                  |                      | 135,088,980   | 127,574,701                               |
| 68       | <b>DEFERRED DEBITS</b>  |                      |   |   |
| 69       | Unamortized Debt Expenses (181)   |                      | 124,606   | 128,985                                   |
| 70       | Extraordinary Property Losses (182.1)                                   | 230                  | 0   | 0   |
| 71       | Unrecovered Plant and Regulatory Study Costs (182.2)                    | 230                  | 0   | 0   |
| 72       | Other Regulatory Assets (182.3)   | 232                  | 560,570,515   | 565,492,549                               |
| 73       | Prelim. Survey and Investigation Charges (Electric) (183)               |                      | 0   | 0   |
| 74       | Preliminary Natural Gas Survey and Investigation Charges 183.1)         |                      | 0   | 0   |
| 75       | Other Preliminary Survey and Investigation Charges (183.2)              |                      | 0   | 0   |
| 76       | Clearing Accounts (184)   |                      | 0   | 0   |
| 77       | Temporary Facilities (185)  |                      | -10,971   | -4,548                                    |
| 78       | Miscellaneous Deferred Debits (186)                                     | 233                  | 141,613,341   | 142,874,866                               |
| 79       | Def. Losses from Disposition of Utility Plt. (187)                      |                      | 0   | 0   |
| 80       | Research, Devel. and Demonstration Expend. (188)                        | 352-353              | 0   | 0   |
| 81       | Unamortized Loss on Reaquired Debt (189)                                |                      | 0   | 0   |
| 82       | Accumulated Deferred Income Taxes (190)                                 | 234                  | 19,393,555  | 18,703,105                                |
| 83       | Unrecovered Purchased Gas Costs (191)                                   |                      | 0   | 0   |
| 84       | Total Deferred Debits (lines 69 through 83)                             |                      | 721,691,046   | 727,194,957                               |
| 85       | TOTAL ASSETS (lines 14-16, 32, 67, and 84)                              |                      | 1,380,556,406   | 1,375,126,320                             |

|   |  |  |   |
|---|--|--|---|
| Name of Respondent<br>Commonwealth Electric Company | This Report is:<br>(1) <input checked="" type="checkbox"/> An Original<br>(2) <input type="checkbox"/> A Rresubmission | Date of Report<br>(mo, da, yr)<br>03/31/2006 | Year/Period of Report<br>end of 2006/Q1 |
|---|--|--|---|

**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)**

| Line No. | Title of Account<br>(a)   | Ref.<br>Page No.<br>(b) | Current Year<br>End of Quarter/Year<br>Balance<br>(c) | Prior Year<br>End Balance<br>12/31<br>(d) |
|----------|---|-------------------------|---|---|
| 1        | PROPRIETARY CAPITAL   |                         |   |   |
| 2        | Common Stock Issued (201)                                       | 250-251                 | 51,099,300  | 51,099,300                                |
| 3        | Preferred Stock Issued (204)                                    | 250-251                 | 0   | 0   |
| 4        | Capital Stock Subscribed (202, 205)                             | 252                     | 0   | 0   |
| 5        | Stock Liability for Conversion (203, 206)                       | 252                     | 0   | 0   |
| 6        | Premium on Capital Stock (207)                                  | 252                     | 212,309,647   | 212,309,647                               |
| 7        | Other Paid-In Capital (208-211)                                 | 253                     | 0   | 0   |
| 8        | Installments Received on Capital Stock (212)                    | 252                     | 0   | 0   |
| 9        | (Less) Discount on Capital Stock (213)                          | 254                     | 0   | 0   |
| 10       | (Less) Capital Stock Expense (214)                              | 254                     | 0   | 0   |
| 11       | Retained Earnings (215, 215.1, 216)                             | 118-119                 | 92,746,661  | 92,177,451                                |
| 12       | Unappropriated Undistributed Subsidiary Earnings (216.1)        | 118-119                 | 10,304  | 9,281                                     |
| 13       | (Less) Reaquired Capital Stock (217)                            | 250-251                 | 0   | 0   |
| 14       | Noncorporate Proprietorship (Non-major only) (218)              |                         | 0   | 0   |
| 15       | Accumulated Other Comprehensive Income (219)                    | 122(a)(b)               | 0   | 0   |
| 16       | Total Proprietary Capital (lines 2 through 15)                  |                         | 356,165,912   | 355,595,679                               |
| 17       | LONG-TERM DEBT  |                         |   |   |
| 18       | Bonds (221)   | 256-257                 | 0   | 0   |
| 19       | (Less) Reaquired Bonds (222)                                    | 256-257                 | 0   | 0   |
| 20       | Advances from Associated Companies (223)                        | 256-257                 | 0   | 0   |
| 21       | Other Long-Term Debt (224)                                      | 256-257                 | 79,172,942  | 80,225,573                                |
| 22       | Unamortized Premium on Long-Term Debt (225)                     |                         | 0   | 0   |
| 23       | (Less) Unamortized Discount on Long-Term Debt-Debit (226)       |                         | 0   | 0   |
| 24       | Total Long-Term Debt (lines 18 through 23)                      |                         | 79,172,942  | 80,225,573                                |
| 25       | OTHER NONCURRENT LIABILITIES                                    |                         |   |   |
| 26       | Obligations Under Capital Leases - Noncurrent (227)             |                         | 0   | 0   |
| 27       | Accumulated Provision for Property Insurance (228.1)            |                         | 0   | 0   |
| 28       | Accumulated Provision for Injuries and Damages (228.2)          |                         | 0   | 0   |
| 29       | Accumulated Provision for Pensions and Benefits (228.3)         |                         | 0   | 0   |
| 30       | Accumulated Miscellaneous Operating Provisions (228.4)          |                         | 0   | 0   |
| 31       | Accumulated Provision for Rate Refunds (229)                    |                         | 7,320,770   | 6,828,339                                 |
| 32       | Long-Term Portion of Derivative Instrument Liabilities          |                         | 0   | 0   |
| 33       | Long-Term Portion of Derivative Instrument Liabilities - Hedges |                         | 0   | 0   |
| 34       | Asset Retirement Obligations (230)                              |                         | 323,561   | 318,935                                   |
| 35       | Total Other Noncurrent Liabilities (lines 26 through 34)        |                         | 7,644,331   | 7,147,274                                 |
| 36       | CURRENT AND ACCRUED LIABILITIES                                 |                         |   |   |
| 37       | Notes Payable (231)   |                         | 16,600,000  | 0   |
| 38       | Accounts Payable (232)  |                         | 29,024,125  | 26,417,772                                |
| 39       | Notes Payable to Associated Companies (233)                     |                         | 306,750,500   | 332,542,905                               |
| 40       | Accounts Payable to Associated Companies (234)                  |                         | 69,547,397  | 53,657,538                                |
| 41       | Customer Deposits (235)   |                         | 1,154,024   | 1,143,159                                 |
| 42       | Taxes Accrued (236)   | 262-263                 | 618,181   | 101,073                                   |
| 43       | Interest Accrued (237)  |                         | 907,122   | 1,577,916                                 |
| 44       | Dividends Declared (238)  |                         | 0   | 0   |
| 45       | Matured Long-Term Debt (239)                                    |                         | 0   | 0   |
|          |   |                         |   |   |

|                               |   |                                |                       |
|-------------------------------|---|--------------------------------|-----------------------|
| Name of Respondent            | This Report is:   | Date of Report<br>(mo, da, yr) | Year/Period of Report |
| Commonwealth Electric Company | (1) <input checked="" type="checkbox"/> An Original<br>(2) <input type="checkbox"/> A Rresubmission | 03/31/2006                     | end of 2006/Q1        |

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

| Line No. | Title of Account<br>(a)  | Ref.<br>Page No.<br>(b) | Current Year<br>End of Quarter/Year<br>Balance<br>(c) | Prior Year<br>End Balance<br>12/31<br>(d) |
|----------|--|-------------------------|---|---|
| 46       | Matured Interest (240)   |                         | 0   | 0   |
| 47       | Tax Collections Payable (241)  |                         | 370,636   | 323,083                                   |
| 48       | Miscellaneous Current and Accrued Liabilities (242)                    |                         | 40,045,709  | 38,759,288                                |
| 49       | Obligations Under Capital Leases-Current (243)                         |                         | 0   | 0   |
| 50       | Derivative Instrument Liabilities (244)                                |                         | 0   | 0   |
| 51       | (Less) Long-Term Portion of Derivative Instrument Liabilities          |                         | 0   | 0   |
| 52       | Derivative Instrument Liabilities - Hedges (245)                       |                         | 0   | 0   |
| 53       | (Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges   |                         | 0   | 0   |
| 54       | Total Current and Accrued Liabilities (lines 37 through 53)            |                         | 465,017,694   | 454,522,734                               |
| 55       | DEFERRED CREDITS   |                         |   |   |
| 56       | Customer Advances for Construction (252)                               |                         | 2,095,082   | 2,455,710                                 |
| 57       | Accumulated Deferred Investment Tax Credits (255)                      | 266-267                 | 3,314,772   | 3,409,399                                 |
| 58       | Deferred Gains from Disposition of Utility Plant (256)                 |                         | 0   | 0   |
| 59       | Other Deferred Credits (253)   | 269                     | 228,887,040   | 232,828,123                               |
| 60       | Other Regulatory Liabilities (254)                                     | 278                     | 734,862   | 734,862                                   |
| 61       | Unamortized Gain on Reaquired Debt (257)                               |                         | 0   | 0   |
| 62       | Accum. Deferred Income Taxes-Accel. Amort.(281)                        | 272-277                 | 0   | 0   |
| 63       | Accum. Deferred Income Taxes-Other Property (282)                      |                         | 41,326,635  | 85,363,006                                |
| 64       | Accum. Deferred Income Taxes-Other (283)                               |                         | 196,197,136   | 152,843,960                               |
| 65       | Total Deferred Credits (lines 56 through 64)                           |                         | 472,555,527   | 477,635,060                               |
| 66       | TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65) |                         | 1,380,556,406   | 1,375,126,320                             |



THIS FILING IS

Item 1: ☒ An Initial (Original)  
Submission

OR ☐ Resubmission No. \_\_\_\_\_

Attachment DTE-1-1(c)

Form 1 Approved  
OMB No. 1902-0021  
(Expires 7/31/2008)  
Form 1-F Approved  
OMB No. 1902-0029  
(Expires 6/30/2007)  
Form 3-Q Approved  
OMB No. 1902-0205  
(Expires 6/30/2007)



**FERC FINANCIAL REPORT**  
**FERC FORM No. 1: Annual Report of**  
**Major Electric Utilities, Licensees**  
**and Others and Supplemental**  
**Form 3-Q: Quarterly Financial Report**

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature.

**Exact Legal Name of Respondent (Company)**

Cambridge Electric Light Company

**Year/Period of Report**

End of 2006/Q1

|                                  |   |                |                       |
|----------------------------------|---|----------------|-----------------------|
| Name of Respondent               | This Report Is:                                     | Date of Report | Year/Period of Report |
| Cambridge Electric Light Company | (1) <input checked="" type="checkbox"/> An Original | (Mo, Da, Yr)   |                       |
|                                  | (2) <input type="checkbox"/> A Resubmission         | 03/31/2006     | End of 2006/Q1        |

**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

| Line No. | Title of Account<br>(a)   | Ref.<br>Page No.<br>(b) | Current Year<br>End of Quarter/Year<br>Balance<br>(c) | Prior Year<br>End Balance<br>12/31<br>(d) |
|----------|---|-------------------------|---|---|
| 1        | <b>UTILITY PLANT</b>  |                         |   |   |
| 2        | Utility Plant (101-106, 114)                                      | 200-201                 | 200,142,255   | 197,995,707                               |
| 3        | Construction Work in Progress (107)                               | 200-201                 | 7,680,288   | 6,499,678                                 |
| 4        | TOTAL Utility Plant (Enter Total of lines 2 and 3)                |                         | 207,822,543   | 204,495,385                               |
| 5        | (Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)   | 200-201                 | 59,696,898  | 58,308,846                                |
| 6        | Net Utility Plant (Enter Total of line 4 less 5)                  |                         | 148,125,645   | 146,186,539                               |
| 7        | Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1) | 202-203                 | 0   | 0   |
| 8        | Nuclear Fuel Materials and Assemblies-Stock Account (120.2)       |                         | 0   | 0   |
| 9        | Nuclear Fuel Assemblies in Reactor (120.3)                        |                         | 0   | 0   |
| 10       | Spent Nuclear Fuel (120.4)  |                         | 0   | 0   |
| 11       | Nuclear Fuel Under Capital Leases (120.6)                         |                         | 0   | 0   |
| 12       | (Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)   | 202-203                 | 0   | 0   |
| 13       | Net Nuclear Fuel (Enter Total of lines 7-11 less 12)              |                         | 0   | 0   |
| 14       | Net Utility Plant (Enter Total of lines 6 and 13)                 |                         | 148,125,645   | 146,186,539                               |
| 15       | Utility Plant Adjustments (116)                                   | 122                     | 0   | 0   |
| 16       | Gas Stored Underground - Noncurrent (117)                         |                         | 0   | 0   |
| 17       | <b>OTHER PROPERTY AND INVESTMENTS</b>                             |                         |   |   |
| 18       | Nonutility Property (121)   |                         | 119,228   | 119,228                                   |
| 19       | (Less) Accum. Prov. for Depr. and Amort. (122)                    |                         | 19,356  | 18,835                                    |
| 20       | Investments in Associated Companies (123)                         |                         | 0   | 0   |
| 21       | Investment in Subsidiary Companies (123.1)                        | 224-225                 | 3,317,553   | 3,300,181                                 |
| 22       | (For Cost of Account 123.1, See Footnote Page 224, line 42)       |                         |   |   |
| 23       | Noncurrent Portion of Allowances                                  | 228-229                 | 0   | 0   |
| 24       | Other Investments (124)   |                         | 5,000   | 5,000                                     |
| 25       | Sinking Funds (125)   |                         | 0   | 0   |
| 26       | Depreciation Fund (126)   |                         | 0   | 0   |
| 27       | Amortization Fund - Federal (127)                                 |                         | 0   | 0   |
| 28       | Other Special Funds (128)   |                         | 0   | 0   |
| 29       | Special Funds (Non Major Only) (129)                              |                         | 0   | 0   |
| 30       | Long-Term Portion of Derivative Assets (175)                      |                         | 0   | 0   |
| 31       | Long-Term Portion of Derivative Assets - Hedges (176)             |                         | 0   | 0   |
| 32       | TOTAL Other Property and Investments (Lines 18-21 and 23-31)      |                         | 3,422,425   | 3,405,574                                 |
| 33       | <b>CURRENT AND ACCRUED ASSETS</b>                                 |                         |   |   |
| 34       | Cash and Working Funds (Non-major Only) (130)                     |                         | 0   | 0   |
| 35       | Cash (131)  |                         | 607,045   | 477,621                                   |
| 36       | Special Deposits (132-134)  |                         | 0   | 0   |
| 37       | Working Fund (135)  |                         | 0   | 0   |
| 38       | Temporary Cash Investments (136)                                  |                         | 0   | 0   |
| 39       | Notes Receivable (141)  |                         | 0   | 0   |
| 40       | Customer Accounts Receivable (142)                                |                         | 20,724,344  | 14,746,444                                |
| 41       | Other Accounts Receivable (143)                                   |                         | 284,348   | 283,531                                   |
| 42       | (Less) Accum. Prov. for Uncollectible Acct.-Credit (144)          |                         | 743,279   | 691,588                                   |
| 43       | Notes Receivable from Associated Companies (145)                  |                         | 0   | 0   |
| 44       | Accounts Receivable from Assoc. Companies (146)                   |                         | 13,923,195  | 11,922,417                                |
| 45       | Fuel Stock (151)  | 227                     | 0   | 0   |
| 46       | Fuel Stock Expenses Undistributed (152)                           | 227                     | 0   | 0   |
| 47       | Residuals (Elec) and Extracted Products (153)                     | 227                     | 0   | 0   |
| 48       | Plant Materials and Operating Supplies (154)                      | 227                     | 2,559,956   | 2,862,795                                 |
| 49       | Merchandise (155)   | 227                     | 0   | 0   |
| 50       | Other Materials and Supplies (156)                                | 227                     | 0   | 0   |
| 51       | Nuclear Materials Held for Sale (157)                             | 202-203/227             | 0   | 0   |
| 52       | Allowances (158.1 and 158.2)                                      | 228-229                 | 0   | 0   |
|          |   |                         |   |   |

|  |   |  |   |
|--|---|--|---|
| Name of Respondent<br>Cambridge Electric Light Company | This Report Is:<br>(1) <input checked="" type="checkbox"/> An Original<br>(2) <input type="checkbox"/> A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>03/31/2006 | Year/Period of Report<br>End of 2006/Q1 |
|--|---|--|---|

**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)**

| Line No. | Title of Account<br>(a)   | Ref. Page No.<br>(b) | Current Year<br>End of Quarter/Year<br>Balance<br>(c) | Prior Year<br>End Balance<br>12/31<br>(d) |
|----------|---|----------------------|---|---|
| 53       | (Less) Noncurrent Portion of Allowances                                 |                      | 0   | 0   |
| 54       | Stores Expense Undistributed (163)                                      | 227                  | 0   | 0   |
| 55       | Gas Stored Underground - Current (164.1)                                |                      | 0   | 0   |
| 56       | Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)      |                      | 0   | 0   |
| 57       | Prepayments (165)   |                      | 1,454,966   | 1,086,844                                 |
| 58       | Advances for Gas (166-167)  |                      | 0   | 0   |
| 59       | Interest and Dividends Receivable (171)                                 |                      | 0   | 0   |
| 60       | Rents Receivable (172)  |                      | -5,114  | 1,462                                     |
| 61       | Accrued Utility Revenues (173)  |                      | 1,114,956   | 1,233,525                                 |
| 62       | Miscellaneous Current and Accrued Assets (174)                          |                      | 0   | 0   |
| 63       | Derivative Instrument Assets (175)                                      |                      | 0   | 0   |
| 64       | (Less) Long-Term Portion of Derivative Instrument Assets (175)          |                      | 0   | 0   |
| 65       | Derivative Instrument Assets - Hedges (176)                             |                      | 0   | 0   |
| 66       | (Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176) |                      | 0   | 0   |
| 67       | Total Current and Accrued Assets (Lines 34 through 66)                  |                      | 39,920,417  | 31,923,051                                |
| 68       | <b>DEFERRED DEBITS</b>  |                      |   |   |
| 69       | Unamortized Debt Expenses (181)   |                      | 15,486  | 21,649                                    |
| 70       | Extraordinary Property Losses (182.1)                                   | 230                  | 0   | 0   |
| 71       | Unrecovered Plant and Regulatory Study Costs (182.2)                    | 230                  | 0   | 0   |
| 72       | Other Regulatory Assets (182.3)   | 232                  | 87,118,921  | 93,191,149                                |
| 73       | Prelim. Survey and Investigation Charges (Electric) (183)               |                      | 0   | 0   |
| 74       | Preliminary Natural Gas Survey and Investigation Charges 183.1)         |                      | 0   | 0   |
| 75       | Other Preliminary Survey and Investigation Charges (183.2)              |                      | 0   | 0   |
| 76       | Clearing Accounts (184)   |                      | 0   | 0   |
| 77       | Temporary Facilities (185)  |                      | -89,374   | -91,027                                   |
| 78       | Miscellaneous Deferred Debits (186)                                     | 233                  | 32,596,399  | 32,888,875                                |
| 79       | Def. Losses from Disposition of Utility Plt. (187)                      |                      | 0   | 0   |
| 80       | Research, Devel. and Demonstration Expend. (188)                        | 352-353              | 0   | 0   |
| 81       | Unamortized Loss on Reaquired Debt (189)                                |                      | 0   | 0   |
| 82       | Accumulated Deferred Income Taxes (190)                                 | 234                  | 8,104,089   | 7,530,939                                 |
| 83       | Unrecovered Purchased Gas Costs (191)                                   |                      | 0   | 0   |
| 84       | Total Deferred Debits (lines 69 through 83)                             |                      | 127,745,521   | 133,541,585                               |
| 85       | TOTAL ASSETS (lines 14-16, 32, 67, and 84)                              |                      | 319,214,008   | 315,056,749                               |



|                                  |  |                            |                       |
|----------------------------------|--|----------------------------|-----------------------|
| Name of Respondent               | This Report is:  | Date of Report             | Year/Period of Report |
| Cambridge Electric Light Company | (1) <input checked="" type="checkbox"/> An Original<br>(2) <input type="checkbox"/> A Resubmission | (mo, da, yr)<br>03/31/2006 | end of 2006/Q1        |

**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)**

| Line No. | Title of Account<br>(a)   | Ref.<br>Page No.<br>(b) | Current Year<br>End of Quarter/Year<br>Balance<br>(c) | Prior Year<br>End Balance<br>12/31<br>(d) |
|----------|---|-------------------------|---|---|
| 1        | PROPRIETARY CAPITAL   |                         |   |   |
| 2        | Common Stock Issued (201)                                       | 250-251                 | 8,665,000   | 8,665,000                                 |
| 3        | Preferred Stock Issued (204)                                    | 250-251                 | 0   | 0   |
| 4        | Capital Stock Subscribed (202, 205)                             | 252                     | 0   | 0   |
| 5        | Stock Liability for Conversion (203, 206)                       | 252                     | 0   | 0   |
| 6        | Premium on Capital Stock (207)                                  | 252                     | 69,132,072  | 54,132,072                                |
| 7        | Other Paid-In Capital (208-211)                                 | 253                     | 0   | 0   |
| 8        | Installments Received on Capital Stock (212)                    | 252                     | 0   | 0   |
| 9        | (Less) Discount on Capital Stock (213)                          | 254                     | 0   | 0   |
| 10       | (Less) Capital Stock Expense (214)                              | 254                     | 0   | 0   |
| 11       | Retained Earnings (215, 215.1, 216)                             | 118-119                 | 27,747,852  | 25,869,752                                |
| 12       | Unappropriated Undistributed Subsidiary Earnings (216.1)        | 118-119                 | 1,146,843   | 1,096,431                                 |
| 13       | (Less) Required Capital Stock (217)                             | 250-251                 | 0   | 0   |
| 14       | Noncorporate Proprietorship (Non-major only) (218)              |                         | 0   | 0   |
| 15       | Accumulated Other Comprehensive Income (219)                    | 122(a)(b)               | 0   | 0   |
| 16       | Total Proprietary Capital (lines 2 through 15)                  |                         | 106,691,767   | 89,763,255                                |
| 17       | LONG-TERM DEBT  |                         |   |   |
| 18       | Bonds (221)   | 256-257                 | 0   | 0   |
| 19       | (Less) Required Bonds (222)                                     | 256-257                 | 0   | 0   |
| 20       | Advances from Associated Companies (223)                        | 256-257                 | 0   | 0   |
| 21       | Other Long-Term Debt (224)                                      | 256-257                 | 25,000,000  | 25,000,000                                |
| 22       | Unamortized Premium on Long-Term Debt (225)                     |                         | 0   | 0   |
| 23       | (Less) Unamortized Discount on Long-Term Debt-Debit (226)       |                         | 0   | 0   |
| 24       | Total Long-Term Debt (lines 18 through 23)                      |                         | 25,000,000  | 25,000,000                                |
| 25       | OTHER NONCURRENT LIABILITIES                                    |                         |   |   |
| 26       | Obligations Under Capital Leases - Noncurrent (227)             |                         | 0   | 0   |
| 27       | Accumulated Provision for Property Insurance (228.1)            |                         | 0   | 0   |
| 28       | Accumulated Provision for Injuries and Damages (228.2)          |                         | 0   | 0   |
| 29       | Accumulated Provision for Pensions and Benefits (228.3)         |                         | 0   | 0   |
| 30       | Accumulated Miscellaneous Operating Provisions (228.4)          |                         | 0   | 0   |
| 31       | Accumulated Provision for Rate Refunds (229)                    |                         | 3,343,434   | 3,300,364                                 |
| 32       | Long-Term Portion of Derivative Instrument Liabilities          |                         | 0   | 0   |
| 33       | Long-Term Portion of Derivative Instrument Liabilities - Hedges |                         | 0   | 0   |
| 34       | Asset Retirement Obligations (230)                              |                         | 0   | 0   |
| 35       | Total Other Noncurrent Liabilities (lines 26 through 34)        |                         | 3,343,434   | 3,300,364                                 |
| 36       | CURRENT AND ACCRUED LIABILITIES                                 |                         |   |   |
| 37       | Notes Payable (231)   |                         | 27,200,000  | 35,900,000                                |
| 38       | Accounts Payable (232)  |                         | 12,725,639  | 12,967,564                                |
| 39       | Notes Payable to Associated Companies (233)                     |                         | 0   | 0   |
| 40       | Accounts Payable to Associated Companies (234)                  |                         | 13,114,381  | 16,107,816                                |
| 41       | Customer Deposits (235)   |                         | 688,381   | 670,926                                   |
| 42       | Taxes Accrued (236)   | 262-263                 | 2,089,534   | 0   |
| 43       | Interest Accrued (237)  |                         | 745,960   | 492,235                                   |
| 44       | Dividends Declared (238)  |                         | 0   | 0   |
| 45       | Matured Long-Term Debt (239)                                    |                         | 0   | 0   |
|          |   |                         |   |   |



## Canal Electric Company

## Balance Sheets

| <u>Assets</u>                               | <u>March<br/>2006</u> | <u>December<br/>2005</u> | <u>Change<br/>From<br/>Year-End</u> |
|---|-----------------------|--------------------------|-------------------------------------|
| Capital Lease - Hydro Quebec                | \$ 6,887,570          | \$ 7,016,733             | \$ (129,163)                        |
| Equity Investment                           | 1,290,815             | 1,290,841                | (26)                                |
| Current Assets                              |                       |                          |                                     |
| Cash and Equivalents                        | 87,621                | 20,920                   | 66,701                              |
| Accounts Receivable                         | 29,680                | 18,517                   | 11,163                              |
| A/R from Assoc. Cos., net                   | 63,297,987            | 62,309,339               | 988,648                             |
| Prepaid and Other Current Assets            | 302,304               | 356,776                  | (54,472)                            |
| Total Current Assets                        | 63,717,592            | 62,705,553               | 1,012,039                           |
| Regulatory Assets                           | -                     | -                        | -                                   |
| <b>Total Assets</b>                         | <b>\$ 71,895,977</b>  | <b>\$ 71,013,127</b>     | <b>\$ 882,850</b>                   |
| <u>Capitalization and Liabilities</u>       |                       |                          |                                     |
| Common Stock Equity                         | \$ 63,218,103         | \$ 62,880,950            | \$ 337,153                          |
| Capital Lease Obligation - non current      | 6,490,849             | 6,491,089                | (240)                               |
| Current Liabilities                         |                       |                          |                                     |
| Accounts Payable Assoc. Co.                 | -                     | -                        | -                                   |
| Other Current Liabilities                   | 2,260,607             | 1,698,068                | 562,539                             |
| Current Liabilities                         | 2,260,607             | 1,698,068                | 562,539                             |
| Deferred Credits                            | (73,582)              | (56,981)                 | (16,601)                            |
| <b>Total Capitalization and Liabilities</b> | <b>\$ 71,895,977</b>  | <b>\$ 71,013,127</b>     | <b>\$ 882,850</b>                   |

Information Request DTE-1-7

Refer to Exh. NSTAR-CLV-1, at 11. Please explain why the Companies intend to recall the debt for Cambridge and Commonwealth, in contrast to assuming this debt.

Response

In the event that the merged Boston Edison were to assume the Cambridge and Commonwealth debt, it would also become subject to the covenants and restrictions contained in the indentures and loan agreements applicable to those debt obligations. These covenants and restrictions, after the merger, would apply to the entire operations of the combined company, including Boston Edison's operations if the debt were to be assumed. Unlike Boston Edison, neither Cambridge nor Commonwealth accessed the public debt markets. As a result, the covenants and restrictions applicable to the Cambridge and Commonwealth debt are more restrictive than the covenants and restrictions applicable to the Boston Edison debt obligations. Please refer to Attachment DTE-1-3(b) through Attachment DTE-1-3(e) for a description of the make-whole provisions and call provision descriptions.

Differing levels of covenants and restrictions creates issues for the newly formed company. The more restrictive debt has priority over other issues, making the other debt issues subordinate and hence more risky. Because of this increased risk due to subordinate status, any new debt would be more expensive than if there was no issue of relative priority. Another unattractive option is for all of the new company to comply with the more restrictive covenants. This limits the combined company's flexibility because the combined company may not be able to comply with many of the covenants and restrictions. Recalling the debt eliminates these issues. The combined entity will have the same access to the public markets that Boston Edison currently has and so will be able to borrow upon more favorable terms than Cambridge and Commonwealth.

Information Request DTE-1-13

Refer to Exh. NSTAR-CLV-1, at 13-14. How do the Companies propose to apply the basic service adder if the merger is approved? If the adder will change from the current rates as approved for each company and rate class in D.T.E. 03-88, please address any change to the distribution rates for each rate class in each company resulting from such change.

Response

If the merger is approved, NSTAR Electric Company, as the sole merged entity, will consolidate the Basic Service adders in conjunction with the consolidation of the Basic Service rates. This consolidation will produce a single average Basic Service adder applicable to all rate classes in the merged company. The Companies are not proposing to change the distribution rates in each company as a result of the consolidation of the Basic Service adder. Such distribution rates have been set in compliance with the Companies' 2005 Settlement Agreement approved by the Department in D.T.E. 05-85. The Basic Service credits included in these distribution rates reflect the Settlement test year level of Basic Service procurement costs and, as such, are fixed and not generally subject to change outside of a rate case proceeding. Conversely, the Basic Service adder will change each year in proportion to changes in NSTAR Electric's annual bad-debt costs. Consequently, there is no matching of the recovery under the Basic Service adder with credits to the distribution rates for periods after the Settlement test year.

Information Request DTE-1-14

Refer to Exh. NSTAR-CLV-1, at 12-14. Please provide an example of the retail basic service rate derivation (similar to confidential Appendix B, Schedule A of the Companies basic service filing). Explain how the Companies will address line losses and other components of the retail basic service rate derivation under the merged entity.

Response

There will be no change in the format of the derivation of retail Basic Service rates after the merger, *i.e.*, the Basic Service filing will include an Appendix B, Schedule A [CONFIDENTIAL] for the combined load. Until the results of subsequent supply solicitations are known, the Companies are unable to prepare that confidential schedule. The line losses for each of the rate classes for the merged company will be determined by weighting the individual company lines losses in proportion to the individual company rate class loads. These consolidated line losses will remain in effect for the merged entity until updated, periodically, when new line loss studies are conducted. The companies plan to prepare an updated line-loss study in the coming year. The other components of the retail Basic Service rate will be derived from the total costs by rate class associated with the competitive solicitation of supply for the consolidated NSTAR Electric loads. Any synergies from the consolidation of the solicitations will flow to all customers.

Information Request DTE-1-15

Refer to Exh. NSTAR-CLV-1, at 18-19. Please define and discuss all congestion management costs. Include definitions, cost derivation and cost allocation methods employed by FERC, and how the Companies recover these costs in rates (i.e., which zones, rate classes, etc.). For example, when discussing SCR costs, please define SCR, explain how and why these costs are incurred, who incurs these costs, who are the parties responsible for paying these costs, how they are allocated to responsible parties, and how the Company collects these costs from retail customers (which rate and how it is allocated to customers).

Response

The congestion-management costs as discussed on Exhibit NSTAR-CLV-1, at 18-19, relate to congestion management costs that are recoverable through transmission rates. As such, there are two congestion-management costs: Reliability Must Run (“RMR”) and Special Constrained Resources (“SCR”).

The RMR costs are for agreements between the ISO-NE and the owners of generating units that are required to run for area reliability, but have successfully demonstrated to the ISO-NE and FERC that they would not be dispatched economically within the existing market structure. These costs are supported by the transmission customers within the load zone (e.g., NEMA and SEMA) in which the unit is located. They are determined for each of the established load zones and then socialized within each load zone on a network-load basis to all the transmission customers within the load zone. ISO New England bills these RMR charges to each company under the FERC tariff “New England Power Pool, Restated PEPOOL Open Access Transmission Tariff; FERC Electric Tariff, Fourth Revised Volume No. 1, Market Rule 1.” These costs are then passed through to retail customers in each of the Companies’ respective transmission rates in accordance with MDTE Tariff No. 305 (Commonwealth), MDTE Tariff No. 205 (Cambridge) and MDTE Tariff No. 105 (Boston Edison). The transmission rates for each customer class are adjusted each year by applying the ratio of the proposed average company transmission rate calculated for the given year to the actual average company transmission rate. Note that the transmission rates for each customer class were initially established when the companies unbundled their consolidated service rates for the retail access date.

Thus, the transmission RMR costs are allocated by customer class in the same proportion as all the other transmission costs developed in the transmission reconciliation filing.

SCR is any generating resource called upon to run out-of-merit for any reliability purpose to provide relief for a constraint (thermal, voltage or stability) that exists on facilities not reflected in the ISO-NE's models for operating the NEPOOL Transmission System. SCR costs are directly assigned by the ISO-NE to the company that requested the generation resource to maintain local reliability. On a daily basis, the company requesting the generation resource employs its system operators to assess the system based upon the expected loads and known system conditions to determine whether generation is required to maintain adequate voltage levels or to protect against a potential outage of a transmission element. If the generation is needed to maintain reliability, then the company requests such service from ISO-NE, ISO-NE "flags" such units as SCRs, and the company purchases such service from the ISO-NE. ISO New England bills these SCR charges to each company under the FERC tariff "New England Power Pool, Restated PEPOOL Open Access Transmission Tariff; FERC Electric Tariff, Fourth Revised Volume No. 1, Schedule 19." These costs are then passed through to retail customers in accordance with each of the Companies' respective retail tariffs. The SCR costs are also included as a recoverable transmission cost in the companies transmission reconciliation filing. The transmission rates for each customer class are adjusted each year by applying the ratio of the proposed average company transmission rate calculated for the given year to the actual average company transmission rate. Note that the transmission rates for each customer class were initially established when the companies unbundled their consolidated service rates for the retail access date.

Thus, the transmission SCR costs are allocated by customer class in the same proportion as all the other transmission costs developed in the transmission reconciliation filing.



Information Request DTE-1-16

Refer to Exhs. NSTAR-CLV-1, at 19, and NSTAR-CLV-5. Please provide a summary of Docket ER05-742. When do the Companies expect FERC to rule on Docket ER05-742?

Response

The tariffs in Docket No. ER05-742, filed by Cambridge and Commonwealth on March 29, 2005, are the provisions to the local transmission formula rates and the local scheduling, system-control and dispatch service embodied within Cambridge's and Commonwealth's Local Service Schedules, which are themselves schedules to Part II – Open Access Transmission Tariff of the ISO New England Inc. Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3.

On May 25, 2005, the FERC accepted the tariff changes to become effective June 1, 2005, subject to refund, and set the tariffs for hearing and settlement procedures. Cambridge and Commonwealth have participated in settlement discussions since June 2005. The parties to this docket are continuing to negotiate. Final FERC rulings are expected in the fall.

Information Request DTE-1-17

Refer to Exh. NSTAR-CLV-6. Is this document part of a current FERC approved tariff? If not, have the Companies submitted this document to FERC for approval? If it has been submitted, when do the Companies expect FERC to rule on it?

Response

No, at this time this document is not part of a current FERC-approved tariff. FERC has approved the tariff filed in Docket No. ER05-742, effective June 1, 2005. However this tariff is subject to refund and the results of settlement proceedings or hearings, if necessary. Exhibit NSTAR-CLV-6 is the Companies' best estimate of the outcome of the settlement proceedings. Final FERC rulings are expected in the fall.

Information Request DTE-1-18 (revised)

Refer to Exhs. NSTAR-CLV-1, at 22-25, and NSTAR-CLV-6. Please discuss the current state of the Companies filing at FERC regarding the reclassification of Cambridge's 13.8 kV line. What process does FERC follow in examining the filing? When do the Companies expect FERC to rule on this?

Response

In the Companies' application under Section 203 of the Federal Power Act to merge and consolidate their facilities, the application has informed FERC that is the Companies' intent to request that the Department permit the transfer of the cost recovery for the Cambridge 13.8 kV system to Department jurisdictional rates. If the Department approves the transfer, then the consolidated Company Local Transmission tariff would exclude these facilities and their associated costs.

As such, the process of receiving approval for the reclassification of the 13.8 kV facilities to distribution begins with the Department. When FERC mandated a seven-factor test to determine what facilities were classified as distribution, it deferred to the states to make the determination, so long as the seven-factor test was utilized. Thus, in D.P.U./D.T.E. 97-93, the Department determined that the proposed classification of 13.8 kV facilities as transmission for Cambridge was appropriate. The Department then requested a declaratory ruling from FERC requesting FERC to accept such determination, which it did. Thus, any subsequent changes to such determination should also be approved by the Department.

Information Request DTE-1-19

Refer to Exh. NSTAR-CLV-1, at 25. Is it the Companies' position that the 13.8 kV facilities would produce the same revenue requirement whether classified as transmission or distribution plant? If so, please provide support for this position. If not, please explain how the transfer of the revenue requirement associated with these facilities would be revenue neutral.

Response

Cambridge is reclassifying and transferring rate recovery of its 13.8 kV facilities from transmission to distribution to simplify the transmission tariffs and because the character of the 13.8 kV facilities has change from transmission to distribution. Since Cambridge has voluntarily proposed the transfer of these facilities, it looked for an appropriate manner to transfer the facilities so that neither customers nor shareholders would gain or lose as a result of the transfer. The equitable solution was to transfer the revenues received from transmission to distribution at the time of the transfer. The transfer of Cambridge's 13.8 kV facilities from transmission to distribution is intended to be revenue-neutral for customers and Cambridge at the time of the reclassification and transfer by shifting the revenue requirement of the facilities pursuant to the then-effective FERC transmission rates to distribution rates. Although both FERC ratemaking and Department ratemaking are based on cost-of-service principles, there are small differences in details that will produce somewhat different revenue requirements over time. For example, the FERC ratemaking is based on a formula that annually computes and reconciles transmission cost of service based on changes in rate base and expenses; the Department's ratemaking permits changes in prices only at the time of general rate cases or as permitted by price indices approved under performance-based ratemaking.<sup>1</sup> In addition, each jurisdiction has its own ratemaking precedent relating precisely whether and how specific rate-base items, return on rate base, and expense categories are included in cost of service.

To achieve revenue neutrality in the transfer, Cambridge proposes to implement the following procedures. The revenue requirement associated with the 13.8 kV system is developed under a draft, proposed 13.8 kV FERC tariff, as shown in Exhibit NSTAR-CLV-6, which was developed through settlement discussions in FERC Docket No. ER05-742. The final FERC-approved tariff from this docket will be used for the 13.8

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<sup>1</sup> In the case of Cambridge, future price changes will be adjusted in accordance with the terms of the Settlement Agreement approved by the Department in D.T.E. 05-85.

kV calculations.<sup>2</sup> The amount that will be actually transferred from transmission to distribution will be based upon forecasted cost data for calendar year 2006, to be effective beginning January 2007. NSTAR Electric will transfer that portion of the Cambridge transmission revenues attributed to the 13.8 kV facilities to its distribution rates. In addition, after the close of 2006, NSTAR Electric will determine the final costs and revenue requirement for the 13.8 kV facilities, and an adjustment for the true-up amount will be made for customers in the Cambridge service territory in 2008. This reconciliation will be made in Cambridge's distribution and transmission rates. To ensure that this one-time adjustment affects only Cambridge's customers, the adjustment will be included directly in the distribution and transmission charges included in Cambridge's retail rate schedules. The reconciliation will ensure that there is neither an overcollection nor an undercollection.

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The current draft tariff has a separate 13.8 kV calculation. See Exhibit NSTAR-CLV-6, Attachment D. However if the final tariff does not incorporate a separate 13.8 kV calculation, then the 13.8 kV amount to be transferred will be calculated per the combined tariff both with and without the 13.8 kV facilities. The difference will be the amount that needs to be transferred to distribution rates.

Information Request DTE-1-24

Refer to Exh. NSTAR-CLV-1, at 12. Do the Companies have an implementation plan for the new procurement structure of basic service for residential customers per Settlement Agreement at 2.21? If yes, please explain. If no, when do the Companies expect to have a plan ready to present to the Department?

Response

The Companies, in coordination with the Attorney General and LEAN are in the process of developing their implementation plan. The Companies will provide the proposal as soon as it is completed.

Information Request DTE-1-25

Refer to Exh. NSTAR-CLV-11, at 6. Please provide copies of the previous depreciation study prepared by or for each of the Companies.

Response

**[BULK RESPONSE]**

The depreciation studies are provided herewith as follows:

- Attachment DTE-1-25 A, Boston Edison
- Attachment DTE-1-25 B, Cambridge
- Attachment DTE-1-25 C, Commonwealth

Information Request DTE-1-36

Please explain why using a blended average of the current accrual rates for Boston Edison, Cambridge, and Commonwealth to develop new composite accrual rates for the merged company in lieu of using the depreciation study is appropriate. As part of this response, discuss whether it would be appropriate to include the depreciation accrual rates for Canal in such a blended average.

Response

In accordance with the terms of the Settlement Agreement approved by the Department in D.T.E. 05-85, the depreciation rates in effect during the test year must be maintained, but may be made uniform for the merged company so long as they are “expense neutral at the functional group level.” Settlement Agreement at ¶ 2.6.2. At the aggregate level, the Companies used a blended average of the current accrual rates for Boston Edison, Cambridge and Commonwealth to develop new composite accrual rates for the merged company. However on an account-by-account basis, this was weighted by the results of the depreciation study instead by the weights of each of the Companies’ current accrual rates. This allows better matching of the depreciation expense to the lives of the assets in question. The Companies engaged a depreciation expert to perform individual depreciation studies for each of the utility companies and a consolidated NSTAR Electric study. In this study he analyzed the depreciable lives of each account. The rates in the consolidated NSTAR Electric study provide the basis for the new depreciation rates.

Canal was not included in the study since its only plant asset related to a capital lease related to its Hydro Quebec transmission investment.



Information Request DTE-1-37

Refer to Exh. NSTAR-CLV-1, at 34. Please describe the current process involved in accounting for the retirement of general equipment. For purposes of this response, assume that a desk chair with an original book value of \$200 and net book value of \$100 has been damaged beyond repair.

Response

Individual operating areas send Fixed Asset Accounting (“FAA”) emails when equipment is discarded or destroyed. Major retirements are made when FAA is notified as major renovations or building closings occur.

These assets are composed of many property units, but constitute a small percentage of plant investment. Therefore, the difficulty in maintaining the detailed records for these assets far outweighs the benefit. As for the specific example stated above, the retirement of this item would result in a debit to accumulated depreciation and a credit to plant in-service for \$200.

Information Request DTE-1-38

Refer to Exh. NSTAR-CLV-1, at 35. Please explain the basis for the Companies' selection of a 15-year amortization period for Accounts 391 through 398 (other than computer equipment).

Response

The Companies' proposed 15-year amortization period for General Plant Accounts 391 through 398 (other than computer equipment) is consistent with the depreciable lives recommended within the depreciation study and the amortization period approved in 1991 by the Department for NSTAR Gas Company, Commonwealth Gas Company, D.P.U. 91-60. The equipment included these accounts are similar for gas and electric companies and would bring all the NSTAR utility companies under one consistent amortization period.

In addition, as part of preparing to respond to this inquiry, the Companies conducted an informal survey of other utility companies that utilize amortization accounting for general plant. The survey indicated a range of amortization periods from 10 to 25 years for similar General Plant Accounts.

Information Request DTE-2-2

Refer to Exh. NSTAR-CLV-1, at 23. Please identify the parties who assisted in the preparation of the Companies' analysis of the Federal Energy Regulatory Commission's ("FERC") seven-part test with regard to Cambridge's 13.8 kV facilities.

Response

The analysis of the FERC's seven-part test with regard to Cambridge's 13.8 kV facilities was performed internally by system planning engineers. The system planning engineers reviewed the prior study and then applied the test to the existing 13.8 kV system in achieving their results.

Information Request DTE-2-3

Refer to Exh. NSTAR-CLV-1, at 29. Given that Boston Edison, Commonwealth and Cambridge must maintain separate distribution rates in their existing service territories until at least January 1, 2010, please explain why Department approval is being requested to consolidate depreciation rates at this time in this proceeding. As part of your response, illustrate how the change in depreciation rates would be reflected in the existing separate distribution rates.

Response

The consolidation of the depreciation rates is being requested at this time, such that from an organizational perspective NSTAR Electric can move forward to complete its final stages of merger-related consolidation activities in order to serve electric customers as a single (integrated) electric company. In the completion of the merger only one set of accounting books will be maintained.<sup>1</sup> This necessitates the establishment of a consolidated depreciation rates to apply to the merged assets.

The change in the depreciation rates has no effect on the existing distribution rates for each of the electric companies.

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<sup>1</sup> There will be some minor items that will need to be tracked separately. For instance, certain information that is required to prepare separate transition schedules will be maintained separately on a pre-merger basis on the books of NSTAR Electric.

Information Request DTE-2-5

Refer to Exh. NSTAR-CLV-1, at 31 and Exh. NSTAR-CLV-10. Please explain in further detail why the accrual rates for Accounts 361 through 373 based upon the depreciation study performed in D.T.E. 05-85 were decreased by a factor of 4.9838 percent.

Response

During 2005, NSTAR Electric performed a depreciation study for the three electric companies utilizing plant accounting data as of December 31, 2004. The study produced recommended annual depreciation accrual rates.

Under the terms of the Settlement Agreement approved by the Department in D.T.E. 05-85, NSTAR Electric was permitted to develop consolidated NSTAR Electric depreciation rates that are expense neutral by functional asset class. The implementation of the actual rates for the combined entity from the depreciation study would result in an increase to expense over the current levels. Therefore, the rates from the study were used as an allocation basis to determine new rates. The rates from the study were reduced by approximately 4.9838 percent to remain expense neutral.